

April 15, 2004

Legislative Audit Commission  
622 Stratton Office Building  
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2004 ending March 31, 2004.

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## ***FISCAL MATTERS***

<b><i>FY 2004 – THIRD QUARTER</i></b>				
	<b><i>Appropriation</i></b>	<b><i>Expended</i></b>	<b><i>Obligated</i></b>	<b><i>Balance</i></b>
Personal Services	\$ 3,976,000	\$ 2,576,807	\$ 0	\$ 1,399,193
Employee Retire. (Employer)	159,000	95,868	0	63,132
State Retirement	534,300	344,966	0	189,334
Social Security	304,200	188,677	0	115,523
Contractual Services	653,300	364,326	106,502	182,472
Travel	95,000	31,999	0	63,001
Commodities	20,000	6,784	0	13,216
Printing	22,000	14,389	0	7,611
Equipment	50,000	32,069	0	17,931
EDP	75,000	48,251	6,050	20,699
Telecommunications	75,000	39,559	0	35,441
Oper. of Auto. Equip.	5,000	2,354	0	2,646
Audits/Studies/Invest.*	<u>14,123,715</u>	<u>6,867,882</u>	<u>2,509,729</u>	<u>4,746,104</u>
<b>TOTAL</b>	<b><u>\$20,092,515</u></b>	<b><u>\$10,613,931</u></b>	<b><u>\$2,622,281</u></b>	<b><u>\$6,856,303</u></b>
*Audit Expense Fund				

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## ***PERSONNEL***

<b><i>PERSONNEL</i></b>					
	<b><i><u>01-01-04</u></i></b>	<b><i><u>Appointments</u></i></b>	<b><i><u>Separations</u></i></b>	<b><i><u>Transfers</u></i></b>	<b><i><u>03-31-04</u></i></b>
<b>Springfield</b>	<b>63</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>66</b>
<b>Chicago</b>	<b><u>06</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>06</u></b>
<b>TOTAL</b>	<b><u>69</u></b>	<b><u>5</u></b>	<b><u>2</u></b>	<b><u>0</u></b>	<b><u>72</u></b>

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## ***CONTRACTS***

During the third quarter of Fiscal Year 2004 the Office of the Auditor General entered into eight financial/compliance audit contracts, two information systems audit contracts and one performance audit contract.

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## ***TRAINING***

Internal training for the third quarter of 2004 included:

OAG-sponsored training for the third quarter of 2004 included:

- Revisions to the Yellow Book (CD)
- Accelerating Annual Financial Reporting: State Initiatives (CD)
- GASB No. 39 Audio Conference (CD)
- Yellow Book Changes and the Performance Audit Manual

External-sponsored training in which staff participated included:

- Access 2000 Level 3
- Beyond the Capability Maturity Model
- Accelerating Annual Financial Reporting: State Initiatives
- Fraud Audit Techniques and Assessing Risk at the Audit Level
- The Impact of Fraud
- How to Audit Cisco Routers
- GASB Service Efforts and Accomplishments Overview
- Business Continuity
- GASB No. 39 Audio Conference
- Ethics
- Key Control and Security Issues of the SQL Server DB
- Effective Ways to Manage Change and Setting Goals and Adapting to Change
- Messaging and Spam: From Chaos to Control

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## ***PERFORMANCE AUDITS***

<b><i>PERFORMANCE AUDITS IN PROGRESS</i></b>
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<b><i>AUDITS</i></b>	<b><i>ESTIMATED RELEASE DATE</i></b>
<ul style="list-style-type: none"><li>• Financial, Management, and Program Audit of Rend Lake Conservancy District (<i>PA 93-275</i>)</li></ul>	Summer 2004
<ul style="list-style-type: none"><li>• Management Audit of the Illinois Aquaculture Development Fund (<i>LAC No. 127</i>)</li></ul>	Summer 2004
<ul style="list-style-type: none"><li>• Financial, Compliance, and Program Audit: The Village of Robbins' Use of Municipal Economic Development Funds (<i>PA 90-813</i>)</li></ul>	Summer 2004
<ul style="list-style-type: none"><li>• Program Audit: Department of Human Services, Office of Inspector General (<i>PA 93-636</i>)</li></ul>	Fall 2004

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## ***REGIONAL OFFICES OF EDUCATION AUDITS***

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of March 31, 2004, 42 of the 48 fiscal year 2003 audits had been released.

## ***FINANCIAL & COMPLIANCE AUDITS***

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2003, September 30, 2003, December 31, 2003, and April 30, 2004. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS  
FOR THE PERIOD(S) ENDING JUNE 30, 2003,  
SEPTEMBER 30, 2003, DECEMBER 31, 2003,  
AND APRIL 30, 2004***

*F = Financial*

*C = Compliance*

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
Alton Mental Health Center			
Arts Council and Foundation			
Attorney Registration and Disciplinary Commission			
Board of Admissions to the Bar			
Board of Higher Education			
Bureau of the Budget			
Capital Development Board	x		02-18-04
Center for Rehabilitation and Education			
Chester Mental Health Center			
Chicago Read Mental Health Center			
Chicago State University	x	x	03-02-04
Chicago State University Foundation		x	03-02-04
Choate Mental Health Center			
Civil Service Commission		x	02-18-04
Commission on Intergovernmental Cooperation			
Comptroller – Fiscal Officer			
Correctional Industries	x		03-02-04
Court of Claims		x	03-02-04
Criminal Justice Information Authority		x	02-26-04
DCMS – Deferred Compensation Plan – 12/31/03			

## ***FINANCIAL & COMPLIANCE AUDITS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
Deaf and Hard of Hearing Commission		x	03-02-04
Department of Agriculture			
Department of Central Management Services	x		03-02-04
Department of Children and Family Services			
Department of Employment Security			
Department of Human Rights			
Department of Human Services – Central Office			
Department of Insurance	x	x	03-04-04
Department of Labor		x	03-18-04
Department of Lottery	x	x	03-04-04
Department of Nuclear Safety			
Department of Professional Regulation			
Department of Public Aid			
Department of Public Health		x	03-02-04
Department of Revenue			
Department of Transportation			
Distance Learning Foundation			
Drycleaner Environmental Restoration Trust Fund Council		x	03-18-04
DuPage Water Commission (04/30/04)			
DuQuoin State Fair (09/30/03)			
Eastern Illinois University	x	x	03-30-04
Eastern Illinois University Alumni Association	x	x	03-30-04
Eastern Illinois University Foundation	x	x	03-30-04
Economic and Fiscal Commission			
Educational Labor Relations Board		x	02-24-04
Elgin Mental Health Center			
Emergency Management Agency			
Fox Developmental Center			
General Assembly Retirement System	x		02-10-04

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## ***FINANCIAL & COMPLIANCE AUDITS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
General Assembly Retirement System		x	03-11-04
Governors Commission on the Status of Women			
Governors State University	x	x	02-24-04
Governors State University Alumni Association	x	x	02-24-04
Governors State University Foundation	x	x	02-24-04
Guardianship and Advocacy Commission	x	x	02-18-04
High School Association			
Housing Development Authority			
Howe Developmental Center			
Human Rights Commission		x	02-26-04
Illinois Building Commission		x	02-26-04
Illinois Commerce Commission		x	03-09-04
Illinois Conservation Foundation	x	x	03-30-04
Illinois Council on Developmental Disabilities		x	02-24-04
Illinois Developmental Finance Authority (06/30/03)	x	x	02-26-04
Illinois Developmental Finance Authority (12/31/03)			
Illinois Educational Facilities Authority (06/30/03)	x	x	03-09-04
Illinois Educational Facilities Authority (12/31/03)			
Illinois Environmental Protection Agency	x		03-04-04
Illinois Farm Development Authority (06/30/03)	x	x	03-09-04
Illinois Farm Development Authority (12/31/03)			
Illinois Grain Insurance Corporation	x	x	03-30-04
Illinois Health Facilities Authority (06/30/03)	x	x	02-24-04
Illinois Health Facilities Authority (12/31/03)			
Illinois Labor Relations Board		x	02-18-04
Illinois Liquor Control Commission		x	03-02-04
Illinois Math and Science Academy	x	x	02-26-04
Illinois Math and Science Academy and Fund	x	x	02-26-04
Illinois Petroleum Resources Board			

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## ***FINANCIAL & COMPLIANCE AUDITS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
Illinois Racing Board		x	03-02-04
Illinois Rural Bond Bank (06/30/03)	x	x	03-09-04
Illinois Rural Bond Bank (12/31/03)			
Illinois Sports Facilities Authority (09/30/03)			
Illinois State Fair (09/30/03)			
Illinois State University	x	x	03-09-04
Illinois State University Foundation	x		01-28-04
Illinois Student Assistance Commission			
Illinois Supreme Court			
Industrial Commission			
Jacksonville Developmental Center			
Judges Retirement System	x		02-10-04
Judges Retirement System		x	03-11-04
Kankakee River Valley Area Airport Authority			
Kiley Developmental Center			
Legislative Audit Commission			
Legislative Printing Unit			
Legislative Reference Bureau			
Legislative Research Unit			
Lincoln Developmental Center			
Literacy Foundation			
Ludeman Developmental Center			
Mabley Developmental Center			
Madden Mental Health Center			
McFarland Mental Health Center			
Metro. Pier and Exposition Authority			
Murray Developmental Center			
Northeastern Illinois University	x	x	02-24-04
Northeastern Illinois University Foundation	x	x	02-24-04

## ***FINANCIAL & COMPLIANCE AUDITS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
Northern Illinois University	x	x	02-26-04
Northern Illinois University Alumni Association	x		01-28-04
Northern Illinois University Foundation	x		01-28-04
Office of the Governor			
Office of the Lieutenant Governor			
Pension Laws Commission			
Prairie State 2000 Authority	x	x	02-18-04
Rend Lake Conservancy District (04/30/04)			
School for the Deaf			
School for the Visually Impaired			
Secretary of State			
Shapiro Developmental Center			
Singer Mental Health and Developmental Center			
Southern Illinois University	x	x	03-24-04
Southern Illinois University Carbondale – Alumni Assoc.	x	x	03-24-04
Southern Illinois University Carbondale – Foundation	x	x	03-24-04
Southern Illinois University Carondale Foundation – Evergreen Terrace	x	x	03-24-04
Southern Illinois Univ. Edwardsville – Alumni Assoc.	x	x	03-24-04
Southern Illinois University Edwardsville – Foundation	x	x	03-24-04
Southern Illinois University Physicians and Surgeons	x	x	03-24-04
Southern Illinois University Research Park	x	x	03-24-04
Southern Illinois University – University Park	x	x	03-24-04
Space Needs Commission			
State Board of Education	x	x	03-30-04
State Board of Elections		x	03-30-04
State Board of Investment	x		02-10-04
State Board of Investment		x	03-11-04
State Employees’ Retirement System	x		02-10-04



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## ***FINANCIAL & COMPLIANCE AUDITS***

<b><i>AGENCY</i></b>	<b><i>F</i></b>	<b><i>C</i></b>	<b><i>DATE RELEASED</i></b>
State Employees' Retirement System		x	03-11-04
State Universities Retirement System	x		02-10-04
State Universities Retirement System		x	03-11-04
Statewide Single Audit			
Summer School for the Arts		x	02-18-04
Teachers' Retirement System	x		02-10-04
Teachers' Retirement System		x	03-11-04
Teachers' Pension and Retirement System – Chicago			
Tinley Park Mental Health Center			
Toll Highway Authority			
Treasurer – Bright Start College Savings Program	x		02-18-04
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds	x		02-18-04
Treasurer – Non-fiscal officer			
Universities Civil Service Commission			
University of Illinois	x	x	03-18-04
University of Illinois Alumni Association	x		01-28-04
University of Illinois Foundation	x		01-28-04
University of Illinois – Prairieland Energy, Inc.	x		01-28-04
University of Illinois - -Research Park LLC	x		01-28-04
University of Illinois – Ventures LLC	x		01-28-04
University of Illinois – Wolcott Wood & Taylor, Inc.	x		01-28-04
Western Illinois University	x	x	03-04-04
Western Illinois University Foundation	x	x	03-04-04
Zeller Mental Health Center			

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## ***INFORMATION SYSTEMS AUDITS***

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2003.

<b><i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2004</i></b>	
•	Department of Agriculture
•	Department of Central Management Services – BCCS 3 <sup>rd</sup> Party Review
•	Department of Employment Security
•	Department of Human Services
•	Department of Professional Regulation
•	Department of Public Aid
•	Department of Revenue
•	Department of Transportation
•	Governors State University
•	Illinois Commerce Commission
•	Illinois Criminal Justice Information Authority
•	Illinois Industrial Commission
•	Illinois State University
•	Illinois Student Assistance Commission
•	Illinois Supreme Court
•	Office of the Comptroller
•	State Board of Elections
•	State Universities Retirement System of Illinois
•	University of Illinois

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## ***EMERGENCY PURCHASES***

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2004 and it contains forty-three filings with this Office.

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## ***CONTRACTUAL SERVICES CERTIFICATIONS***

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive prior to January 1, 1992. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2004, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND  
Auditor General